

IC 20-49-4

Chapter 4. Advancement From Common School Fund; Buildings; Technology Programs

IC 20-49-4-1

Application; reorganized schools

Sec. 1. This chapter applies to school corporations organized and formed through reorganization under IC 20-23-4, IC 20-23-6, or IC 20-23-7 and school townships under IC 20-23-3.

As added by P.L.2-2006, SEC.172.

IC 20-49-4-2

Exemption for procedures; loss from disaster

Sec. 2. Sections 9, 12, and 13 of this chapter do not apply if a school corporation sustains loss from a disaster.

As added by P.L.2-2006, SEC.172.

IC 20-49-4-3

"Advance"

Sec. 3. As used in this chapter, "advance" means an advance under this chapter from the fund.

As added by P.L.2-2006, SEC.172.

IC 20-49-4-4

"Disaster"

Sec. 4. As used in this chapter, "disaster" refers to loss by:

- (1) fire;
- (2) wind;
- (3) cyclone; or
- (4) other disaster;

of all or a major part of a school building or school buildings.

As added by P.L.2-2006, SEC.172.

IC 20-49-4-5

"Educational technology program"

Sec. 5. As used in this chapter, "educational technology program" means the:

- (1) purchase, lease, or financing of educational technology equipment;
- (2) operation of the educational technology equipment; and
- (3) training of teachers in the use of the educational technology equipment.

As added by P.L.2-2006, SEC.172.

IC 20-49-4-6

"Fund"

Sec. 6. As used in this chapter, "fund" refers to the common school fund in the custody of the treasurer of state.

As added by P.L.2-2006, SEC.172.

IC 20-49-4-7**"School building construction program"**

Sec. 7. As used in this chapter, "school building construction program" means the purchase, lease, or financing of land, the construction and equipping of school buildings, and the remodeling, repairing, or improving of school buildings by a school corporation:

- (1) that sustained a loss from a disaster;
- (2) whose adjusted assessed valuation (as determined under IC 6-1.1-34-8) per ADM is within the lowest forty percent (40%) of the assessed valuation per ADM when compared with all school corporation adjusted assessed valuation (as determined under IC 6-1.1-34-8) per ADM; or
- (3) with an advance under this chapter outstanding on July 1, 1993, that bears interest of at least seven and one-half percent (7.5%).

The term does not include facilities used or to be used primarily for interscholastic or extracurricular activities.

As added by P.L.2-2006, SEC.172.

IC 20-49-4-8**Power; state board; advance; eligibility**

Sec. 8. The state board may advance money to school corporations to be used for:

- (1) school building construction programs; and
- (2) educational technology programs;

as provided in this chapter.

As added by P.L.2-2006, SEC.172.

IC 20-49-4-9**Priority of advances; school building construction programs**

Sec. 9. Priority of advances for school building construction programs shall be made to school corporations that have the least amount of adjusted assessed valuation (as determined under IC 6-1.1-34-8) per student in ADM.

As added by P.L.2-2006, SEC.172.

IC 20-49-4-10**Priority of advances; educational technology programs**

Sec. 10. Priority of advances for educational technology programs shall be on whatever basis the state board, after consulting with the department and the budget agency, periodically determines.

As added by P.L.2-2006, SEC.172.

IC 20-49-4-11**Application**

Sec. 11. A school corporation desiring to obtain an advance must submit an application to the state board in the form established by the state board, after consulting with the department and the budget agency.

As added by P.L.2-2006, SEC.172.

IC 20-49-4-12**Condition of advance; capital projects fund**

Sec. 12. To qualify for an advance under this chapter, a school corporation must establish a capital projects fund under IC 20-40-8. The state board, after consulting with the department and the budget agency, may waive or modify this requirement upon a showing of good cause by the school corporation.

As added by P.L.2-2006, SEC.172.

IC 20-49-4-13**Maximum advance; school building construction program**

Sec. 13. An advance to a school corporation for any school building construction program may not exceed the greater of the following:

- (1) Fifteen million dollars (\$15,000,000).
- (2) The product of fifteen thousand dollars (\$15,000) multiplied by the number of students accommodated as a result of the school building construction program.

However, if a school corporation has sustained loss by disaster, this limitation may be waived by the state board after consulting with the department and the budget agency.

As added by P.L.2-2006, SEC.172.

IC 20-49-4-14**Maximum advance; educational technology programs**

Sec. 14. An advance for an educational technology program is without limitation in amount other than the availability of funds in the fund for this purpose and the ability of the school corporation desiring an advance to pay the advance according to the terms of the advance.

As added by P.L.2-2006, SEC.172.

IC 20-49-4-15**Maximum term of advance; school building construction program; prepayment; interest rate**

Sec. 15. (a) Money advanced to a school corporation for a school building construction program may be advanced for a period not exceeding twenty-five (25) years. The school corporation to which money is advanced must pay interest on the advance. For advances made before July 1, 1993, the state board may provide, either before an advance is made or before an advance is fully paid, that the payment of the advance may not be prepaid by more than six (6) months. For advances made after June 30, 1993, for school building construction programs, the state board may provide that the advances are prepayable at any time.

(b) The state board of finance shall periodically establish the rate or rates of interest payable on advances for school building construction programs as long as:

- (1) the established interest rate or rates do not exceed seven and one-half percent (7.5%); and

(2) the interest rate or rates on advances made to school corporations with advances outstanding on July 1, 1993, bearing interest at seven and one-half percent (7.5%) or more shall not exceed four percent (4%).

As added by P.L.2-2006, SEC.172.

IC 20-49-4-16

Maximum term of advance; educational technology program; prepayment; interest rate

Sec. 16. (a) Money advanced to a school corporation for an educational technology program may be for a period not exceeding five (5) years. The school corporation to which an advance is made shall pay interest on the advance. Advances for educational technology programs may be prepaid at any time.

(b) The state board of finance shall periodically establish the rate or rates of interest payable on advances for educational technology programs as long as the established interest rate or rates:

(1) are not less than one percent (1%); and

(2) do not exceed four percent (4%).

As added by P.L.2-2006, SEC.172.

IC 20-49-4-17

Statutory construction; advance not treated as debt of school corporation

Sec. 17. An advance is not an obligation of the school corporation within the meaning of the limitation on or prohibition against indebtedness under the Constitution of the State of Indiana. Nothing in this chapter relieves the governing body of a school corporation receiving an advance of any obligation under Indiana law to qualify the school corporation for state tuition support. The school corporation shall continue to perform all acts necessary to obtain these funds.

As added by P.L.2-2006, SEC.172.

IC 20-49-4-18

Repayment of advance; terms; state tuition support

Sec. 18. To ensure timely payment of advances according to the terms, the state may in its sole discretion withhold from funds due to school corporations to which advances are made amounts necessary to pay the advances and the interest on the advances in accordance with their respective terms. The terms of the advances shall be established by the state board after consulting with the department and upon the approval of the budget agency in advance of the time the respective advances are made. However, in the case of school corporations with advances outstanding on July 1, 1993, the withholding may be adjusted to conform with this chapter. To the extent available, funds shall first be withheld from the distribution of state tuition support. However, if this distribution is not available or is inadequate, funds may be withheld from the distribution of other state funds to the school corporation to which the advance is made.

As added by P.L.2-2006, SEC.172.

IC 20-49-4-19

Terms of agreement; right to offset advance against state tuition support

Sec. 19. A school corporation receiving an advance shall agree to have the money advanced, together with the interest on the advance, deducted from the distribution of state tuition support until all the money advanced, together with the interest on the advance, has been paid. The state board and the state board of finance shall reduce each distribution of state tuition support to each school corporation to which an advance is made in an amount to be agreed upon by the state and the school corporation.

As added by P.L.2-2006, SEC.172.

IC 20-49-4-20

Statutory construction; advance not treated as debt of state

Sec. 20. An agreement with the state board or state board of finance under section 23 of this chapter to collect and pay over amounts deducted from state tuition support for the benefit of another party is not a debt of the state within the meaning of the limitation on or prohibition against state indebtedness under the Constitution of the State of Indiana.

As added by P.L.2-2006, SEC.172.

IC 20-49-4-21

Power; levy; school building construction program; replacement of amount deducted from state tuition support

Sec. 21. A school corporation to which an advance is made for a school building construction program may annually levy a property tax in the debt service fund to replace the amount deducted under this chapter in the current year from the distribution of state tuition support. The amount received from the tax must be transferred from the debt service fund to the general fund.

As added by P.L.2-2006, SEC.172.

IC 20-49-4-22

Power; levy; educational technology program; replacement of amount deducted from state tuition support

Sec. 22. A school corporation to which an advance is made for an educational technology program may annually levy a property tax in the capital projects fund or the debt service fund to replace the amount deducted under this chapter in the current year from the distribution of state tuition support. The amount received from the tax must be transferred from the capital projects fund or the debt service fund, as applicable, to the general fund.

As added by P.L.2-2006, SEC.172.

IC 20-49-4-23

Power; state board; sell, transfer, or liquidate agreements;

conditions

Sec. 23. (a) Upon request of the state board, acting upon the advice of the department, the state board of finance may periodically sell, transfer, or liquidate agreements, in whole or in part, including without limitation the sale, transfer, or liquidation of all or any part of the principal or interest to be received at any time under one (1) or more agreements that evidence the right of the state to make deductions from state tuition support to pay advances under this chapter under the terms and conditions that the state board of finance considers necessary and appropriate.

(b) Each sale, transfer, or liquidation under this section is subject to the following conditions:

(1) Each sale, transfer, or liquidation may be made only to a department, an agency, a commission, an instrumentality, or a public body of the state, including the Indiana bond bank.

(2) Each sale, transfer, or liquidation of agreements may be made only for cash.

(3) Payments under the sale, transfer, or liquidation must be made to the treasurer of state for the fund and reported to the state board of finance.

(4) The total amount of cash received by the fund from the sale may not be less than the outstanding principal amount of all or a part of the agreements sold plus accrued interest owed.

(5) If necessary to facilitate a sale, transfer, or liquidation, the state board or the state board of finance may agree to act on behalf of an entity described in subdivision (1) by collecting payment on advances that are:

(A) received directly from a school corporation, if any direct payments are received; or

(B) deducted from amounts appropriated and made available for state tuition support.

An agreement by the state board or the state board of finance under this subdivision is a valid and enforceable contractual obligation but is not a debt of the state within the meaning of the limitation against indebtedness under the Constitution of the State of Indiana.

(6) Each proposed sale, transfer, or liquidation must be reviewed by the budget committee and approved by the budget agency.

As added by P.L.2-2006, SEC.172.